Item No. IV. C.

I. PSCOC Meeting Date(s): May 11, 2020

II. Item Title: Capitan – Request to Change Schedule of Advance Repayment

III. Name of Presenter(s): Jonathan Chamblin, PSFA Director
Randy Evans, CFO

IV. Potential Motion:

Approval of the revised terms for the repayment of the advance from Capitan Schools to PSCOC, changing the final payment of $3,292,728 scheduled for June 30, 2021, to six payments of $548,788 per year, due on June 30, beginning in 2021 and ending in 2026.

V. Executive Summary:

Background

PSCOC granted Capitan Schools an advance toward their local match for the standards-based project at the Elementary School and High School. The project was awarded in FY 2013 and the advance was awarded to the district in June 2014.

P13-003 Capitan Elementary School and High School

- 06/25/14 Advance awarded. To be repaid by FY 2018 Q2.
- 05/11/17 Advance reduced by $1,507,272 based upon actual expenditures on the project.
- 05/08/18 PSCOC approved installment payments plus a final balloon payment as follows:
  - $500,000 due 6/30/18, 06/30/19, and 6/30/20.
  - $3,792,728 due 6/30/21 (final payment).
- 06/15/18 $500,000 payment received.
- 06/12/19 $500,000 payment received.
- 06/30/20 $500,000 payment due.
- 06/30/21 $3,792,728 final payment due.

Current Summary

On April 25, 2020, PSFA received a request from Capitan Municipal Schools to modify the terms of the district's repayment of the remaining balance of the advance that is owed to PSCOC. The district is requesting that the final balloon payment, currently scheduled as $3,292,728 due by June 30 2021, be distributed into 6 annual payments as follows:

- $548,788 due June 30, 2021
- $548,788 due June 30, 2022
- $548,788 due June 30, 2023
- $548,788 due June 30, 2024
- $548,788 due June 30, 2025
- $548,788 due June 30, 2026

Total repaid between 2021 and 2026: $3,292,728.

Staff Recommendation

PSFA has reviewed Capitan's cash balance from SB9 as well as the carried-forward operational cash balance. Given the district's year-to-year cash balance, annual payments of $548,788 are feasible. The district should justify its decision to make equal annual payments over 6 years rather than larger annual payments in 3 years.

CAPITAN MUNICIPAL SCHOOLS

Home of the Tigers

April 21, 2020

Jonathan Chamblin, Executive Director
Public School Facilities Authority
1312 Basehart Rd. SE
Suite #200
Abq, NM 87106-4365

RE: Capitan Municipal Schools - Request for Payment Extension

Dear Mr. Chamblin:

The Capitan Board of Education met in a properly noticed open meeting on April 20, 2020 and unanimously adopted the attached Resolution. The Resolution is a request from the Board to the Public School Capital Outlay Committee (PSCOC) to restructure a balloon payment due in June 2021 to a six (6) year payment plan.

It is our understanding that the Board's request will be considered by the PSCOC at the May 2020 meeting. I will contact you next week to discuss any additional information the PSCOC may need and the logistics of the May meeting.

Thank you for your attention to this request. I am available if you have any questions.

Sincerely,

Patti Nesbitt

Patti Nesbitt
Superintendent

Cc: Board Resolution

RESOLUTION OF THE BOARD OF EDUCATION OF THE CAPITAN MUNICIPAL SCHOOLS TO REQUEST EXTENTION OF PAYMENTS

WHEREAS, the Capitan Municipal Schools Board of Education enter into a Memorandum of Understanding (MOU) with the Public School Capital Outlay Council on or near September 11, 2018,; and

WHEREAS, the purpose of the MOU was to define the scope of specific projects and delivery methodology for completing a public school capital outlay project as defined in the School District Master joint Powers Agreement entered into between the PSCOC, Public School Facilities Authority (PSFA); and the District;

WHEREAS, the Project number is P13-003 and included advanced funds to construct the Capitan Middle School/High School campus;

WHEREAS, the advanced funds total $5,292,728 to be repaid to the Public School Facilities Authority at the rate of $500,000 due June, 30, 2018; $500,000 due June 30, 2019, $500,000 due June 30, 2020 and a balloon payment of $3,292,728 due June 30, 2021;

WHEREAS, the District made two payments of $500,000 each during the 2018 and 2019 fiscal years and will make another payment of $500,000 prior to the end of the 2020 fiscal year;

WHEREAS, the District's 2021 operating budget must be submitted to the Public Education Department as soon as June 1, 2020 for review and approval and include a balloon payment of $3,292,728; and

WHEREAS, the Board of Education has determined that budgeting for and making such a large payment during the 2021 fiscal year will negatively affect the District's ability to provide critical resources for its instructional programs, including teaching staff and instructional materials.

NOW THEREFORE BE IT RESOLVED:

1. The Board finds that the recitals noted above are true and correct and hereby adopted;

2. The Board further finds that the District's best interests are served if the Public School Facilities Authority (PSFA) would grant the District authority to suspend the 2021 fiscal year payment of $3,292,728 and amend the terms of the payment ; and;

3. The Board requests the PSFA amend the terms of the remaining payment as follows:
   - $548,788 due June 30, 2021;
   - $548,788 due June 30, 2022;
   - $548,788 due June 30, 2023;
   - $548,788 due June 30, 2024;
   - $548,788 due June 30, 2025; and
   - $548,788 due June 30, 2026.

4. This Resolution shall be sent by the Superintendent to the Public School Facilities Authority immediately upon its passage.

PASSED AND ADOPTED this 20th day of April, 2020.

By: _____
Daryl Lindsay, President
Board of Education
Capitan Municipal Schools

ATTEST:
By: _____
Gary Tregembo, Secretary
Board of Education
Capitan Municipal Schools

INVOICE

STATE OF NEW MEXICO
PUBLIC SCHOOL FACILITIES AUTHORITY

1312 Basehart Rd. SE, Suite 200
Albuquerque, NM 87106-4365
(505) 843-6272

INVOICE NO. P13-003B
DATE March 12, 2019

TO Capitan Municipal Schools
519 Smokey Bear Blvd.
P.O. Box 278
Capitan, NM 88316

PSCOC PROJECT NUMBER / DESCRIPTION
P13-003 / Capitan ES/MS/HS

DESCRIPTION	TOTAL
Repayment of advanced funds to construct Capitan Midschool / Highschool	
School Campus	
6/30/18 due $500,000 paid 6/15/18	
6/30/19 due $500,000	500,000.00
6/30/20 due $500,000	
6/30/21 due $3,792,728 (balloon payment)	
TOTAL DUE	$ 500,000.00

OK TO PAY INVOICE
Date: 04/04/2019
Amount: 500,000
Account Code: 31701
Approved:

Partnering with New Mexico's communities to provide quality, sustainable school facilities for our students and educators

MOTION: Under the 2017-2018 standards-based program, allow La Academia Delores Huerta to proceed with their full application; but deny the Las Vegas City Schools from proceeding with their full application, and recommend submission of a full application under the systems-based program for which they may qualify.

Under the 2017-2018 systems-based program, allow the districts for the 9 applicant schools within the top 100 to proceed with their full application. For systems-based applications allowed to proceed with full application, particularly those who wish to use the systems award money toward a large renovation or replacement project which would normally be awarded under the standards based program, approve preliminary award contingencies which will be applicable to their applications:

a. For each building, the award is not to exceed 50% of that asset replacement cost.
b. Total project cost not to exceed 50% of total facility replacement cost; and
c. Construction must begin no later than 12 months after award.

AMENDED MOTION: Under the 2017-2018 standards-based program: deny La Academia Delores Huerta from proceeding with their full application and recommend resubmission of an application in a future award cycle after their charter renewal in 2019; and deny the Las Vegas City Schools from proceeding with their full application and recommend submission of a full application under the current systems-based program award cycle for which they may qualify. **APPROVED.**

Under the 2017-2018 systems-based program, allow the districts for the 9 applicant schools within the top 100 to proceed with their full application. Full applications for systems-based awards must be limited to building system repair, renovation or replacement renewal and should not include or be applied toward larger renovation or replacement project which would normally be awarded under the standards-based program. **APPROVED.**

- **2017 -2018 Lease Assistance Award Application:** Ms. Irion reviewed the proposed changes within the application: the facility questionnaire is no longer needed as statute is to be followed; certifications do not need to be resubmitted unless the charter renewal is within the current timeframe; the annual conflict of interest questionnaire remains and all certification documents have been incorporated within the application. Ms. Gudgel suggested the list of criteria be included in the cover letter and a statement be included that statute requires, if leasing from a private individual or facility, the owner maintain adequacy standards and clarify certifications need to be for the facility they occupy, especially for those that have changed facilities or amended their leases during the year. Discussion ensued regarding the per-MEM amount. Interpreting statute, Ms. Gudgel felt the per-student funding amount could be decreased since statute only set a maximum.

  MOTION: Authorization to release the 2017-2018 Lease Assistance application and conflict of interest questionnaire that will include sufficient lease information to facilitate PSCOC staff analysis; applications are due May 17, 2017 and a tentative award date will be at the July 2017 PSCOC meeting. **APPROVED.**

- **Capitan – P13-003 – Capitan ES/MS/HS – Reduction of Advance and Project Status:** Capitan's repayment of $6.8M is due June 2018; the district does not believe they will be able to meet the repayment deadline and submitted a proposed repayment plan of $250,000 per year until 2044 and will revisit the plan should their August bond election occur for $22M. Staff recommends the advance be reduced to the $5.3M the district has used and the design of an elementary school be placed on hold. The school is not eligible for a waiver. The district's total bonding capacity is 40.7% ($22M). Members clarified the district is ok with reverting $1.5M; Mr. Avila replied in the affirmative.

MOTION: Reduce the local match advance of $6.8 million to $5,292,729 based upon current project commitments; the unused balance of the advance shall revert for reallocation by the Council. The project shall be put on hold until the Council has accepted a repayment plan from the district for the remaining advance amount.

AMENDED MOTION: Reduce the local match advance of $6.8 million to $5,292,729 based upon current project commitments; the unused balance of the advance shall revert for reallocation by the Council. **APPROVED.**

- **Cloudcroft – E15-002 – Cloudcroft HS Emergency – Extension of Advance Repayment:** The district is requesting an extension of their advance repayment. The award, originally made in December 2014, had a two year repayment plan. The district is requesting their repayment begin in May 2018. The Statement of Financial Position was submitted late and staff awaits PED verification on cash balances.

  MOTION: Extend the advance repayment deadline for Cloudcroft Municipal Schools for Cloudcroft High School in the amount of $501,791; repayment will begin in May 2018. **APPROVED.**

- **Clovis – P15-005 – Parkview ES – Phase 2 Funding:** The project reflects a favorable balance of approximately $6.5M on the financial plan due in large part to Lean Construction. Both the district and PSFA were careful about selecting materials which resulted in a project reduction of $6.5M. The district has an outstanding preventive maintenance program and won the 2016 Ben Lujan Maintenance Award. They use the FIMS School Dude products to a very high level and have a robust energy management program.

  MOTION: Amend the 2014-2015 standards-based award to the Clovis Municipal Schools for Parkview ES to include construction to adequacy for 500 students, grades K-5, with an increase in the state share amount of $11,692,284 (76%), and a corresponding increase in the local share amount of $3,692,303 (24%). **APPROVED.**

- **Clovis – P16-001 – Highland ES – Phase 1 Funding and Award Language Change:** This request is for an award language change to include replacement to adequacy and for design funding. The district completed a building systems analysis report which indicated replacement, rather than renovation, as the best option. Staff agrees with the recommendation and is confident the current financial plan estimate will accommodate the cost of the project.

  MOTION: Amend the 2015-2016 standards-based award to the Clovis Municipal Schools for Highland ES to include design for replacement of the facility to adequacy for 320 students, grades K-6, with an increase in the state share amount of $1,138,683 (76%), and a corresponding increase in the local share amount of $359,584 (24%). **APPROVED.**

- **Mountainair – P15-008 – Mountainair Jr/Sr HS – Change in Scope:** The district is requesting a reconsideration of additional space to adequacy. The work to adequacy would be $1.7M and could come from the existing contingency budget. The primary use of the lobby space would be by the community since student's access the gym through a hall. PSFA proposes to release funds from unused project contingency which would allow the district to participate in the above adequacy. This would reduce the total project budget to adequacy and the district share reduction of $184,896 would be available for the project. The state share would reduce by $104,000 and be added to the FY17 reversions for reallocation by Council.

MOTION: Deny the request to amend the standards-based award to the Mountainair Public Schools for Mountainair Jr/Sr HS to increase the waiver of the local share in the amount of $184,896 to fund other capital needs.

AMENDED MOTION: Amend the standards-based award to the Mountainair Public Schools for Mountainair Jr/Sr HS to decrease the project total to adequacy with a decrease in the state share amount of $104,004 (36%), and a corresponding decrease to the local share amount of $184,896 (64%). The waiver of the local share amount shall remain unchanged to provide local funding for other capital needs. **APPROVED.**

Information Only:

- **PSCOC Financial Plan:** Ms. Irion reviewed changes made since the last meeting: awards to Deming Intermediate for $13.7M, Gallup-McKinley New Combined ES for $16.5M, Maxwell HS Boiler System for $15K and BDCP for Category 1 and 2 at $113K and $40K respectively. Adjustments made to the financial plan include Bernalillo Santo Domingo MS/HS moved one quarter to FY18 Q1 based upon district readiness for $1.4M and Capitan ES/MS/HS reflects a reduction in their advance repayment from $6.8M to $5.3M resulting in a favorable variance of $1.5M. Projects listed on the agenda for potential Council action include the advance repayment for Capitan ES/MS/HS as noted above, Clovis Parkview ES reflects a positive variance of $6.5M as the current estimate of $11.7M was less than the previous estimate of $18.2M. Additional adjustments include a 5% reduction in the state share for Roswell Del Norte ES which was realized on the prior financial plan and results in a $1.2M negative impact. Master Plan Assistance Awards are $360K and Emergency Reserve for Contingency is $985K following the use of $15K for Maxwell's boiler system. The 2012-2013 Awards Cycle reflects the Bernalillo Santo Domingo ES/MS project delay of $1.5M. The 2018-2019 Awards Cycle was decreased $1.1M and the 2020-2021 Awards Cycle increased by $100K. With the changes noted, the financial plan reflects positive balances in FY17-21. The PSCOC Fund Balance is $271,043,969.20.

  Ms. Irion drew attention to the bond tracking worksheet which is updated daily based upon activity occurring within each bond series. Certifications will be submitted to meet SB-8 requirements for project reversions that will include reconciliations for each bond series.

- **Gallup-McKinley P15-006 – Thoreau ES – Request for Additional Cultural Classroom:** Ms. Casias reminded members the district had requested a second cultural classroom. PSFA and the district have agreed to add a second cultural classroom based upon educational programming needs, however PSCOC will only participate in 400 square feet; the existing library square feet will be reduced and the cultural classroom square feet will fit within this space. The exterior wall will also be moved out. The classroom will be equivalent to the existing cultural classroom. The cost for the additional 400 square feet will be $288 per square foot for a total state local match of $115,200. The cost will not require an increase to the current Phase 2 estimate listed in the financial plan.

Next Awards Subcommittee meeting – May 2, 2017. Due to conflicts, the June Awards meeting will be rescheduled for June 7th.

Meeting ended at 12:42 p.m.

PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
April 13, 2017
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO

Members Present: Mr. David Abbey, LFC; Ms. Rachel Gudgel, LESC; Mr. Pat McMurray, CID; Mr. Gilbert Peralta, PEC; Mr. Joe Guillen, NMSBA; Ms. Jessica Kelly, Office of the Governor

Designees: Mr. AJ Forte, DFA
Mr. Antonio Ortiz, PED (arrived at 8:33)
Mr. Raul Burciaga, LCS, was absent and had no designee appear on his behalf

1. **Call to Order**—Chair Abbey called the meeting to order at 8:32 A.M.

   a. **Approval of Agenda**—Chair Abbey asked if there was any objection to the agenda as presented; as there was none Mr. McMurray moved for approval of the agenda, Ms. Gudgel seconded and the motion passed unanimously.

   b. **Correspondence**—Mr. Abbey acknowledged the attending designees. Mr. Kearney referred to the letter from Clovis Municipal Schools to the New Mexico Historic Preservation Division ("HPD") regarding Lincoln-Jackson Family Center's possible addition to the New Mexico Historic Preservation Register ("Register"). The district is requesting to not be added to the Register. Mr. Abbey asked Ms. Carrie Bunce, Clovis Municipal Schools Deputy Superintendent of Operations, if she had heard from the HPD to which Ms. Bunce replied the HPD was going to pursue adding the school to the historic register. Mr. Abbey requested Ms. Kelly and Ms. Bunce schedule a meeting with the Secretary of Cultural Affairs and the HPD Director to ensure they recognize the cost and benefits of these actions.

   c. **Approval of Minutes (December 21, 2016) -** Mr. Peralta moved for Council approval of the January 20, 2017 minutes, subject to technical corrections. Ms. Gudgel seconded and the motion passed unanimously.

2. **Public Comment**—Chair Abbey had all guests and PSFA staff introduce themselves. Mr. Abbey acknowledged Mr. Kearney's job performance over the last three months in absence of an Executive Director. Mr. Kearney thanked PSFA managers and staff for their hard work.

3. **PSCOC Financial Plan**
   a. **PSCOC Financial Plan**
   Ms. Irion reviewed changes made since the last meeting: awards to Deming Intermediate for $13.7M, Gallup-McKinley New Combined ES for $16.5M, Maxwell HS Boiler System for $15K and BDCP for Category 1 and 2 at $113K and $40K respectively. Adjustments made to the financial plan include Bernalillo Santo Domingo MS/HS moved one quarter to FY18 Q1 based upon district readiness for $1.46M and Capitan ES/MS/HS reflects a reduction in their

advance repayment from $6.8M to $5.3M resulting in a favorable variance of $1.5M in FY17. Projects listed on the agenda for potential Council action include the advance repayment for Capitan ES/MS/HS as previously noted, and a positive variance for Clovis Parkview ES of $6.5M as the current estimate of $11.7M was less than the previous estimate of $18.2M. The previous financial plan reflected Mountainair Jr/Sr HS at $8.6M, the current financial plan estimate is $8.5M resulting in a favorable variance of $104K. Additional adjustments include removing a 5% reduction in the state share for Roswell Del Norte ES which was realized on the prior financial plan and results in a $1.2M negative impact. Master Plan Assistance Awards are $360K and Emergency Reserve for Contingency is $985K following the use of $15K for Maxwell's boiler system. The 2012-2013 Awards Cycle reflects the Bernalillo Santo Domingo ES/MS project delay of $1.5M. The 2018-2019 Awards Cycle was decreased $1.1M and the 2020-2021 Awards Cycle increased by $100K. With the changes noted the financial plan reflects positive balances in FY17-21. The PSCOC Fund Balance as of March 31, 2017 is $271,043,969.20.

Mr. Abbey requested that Ms. Irion summarize what is being considered for the systems and standards-based awards programs. Per Ms. Irion, it was decided at the January meeting all awards for the systems and standards-based programs would be moved into FY18. A projected $16.8M is available for awards which will occur in September. Mr. Abbey then asked about the June bond certification to which Ms. Irion replied the certification will be submitted for Council approval in May. Ms. Irion drew attention to the PSFA Bond Sold sheet which tracks each bond noting each has been identified with a specific need/project and items have been identified as part of SB8 for reversion amounting to approximately $12.3M. In response to a question posed by Mr. Abbey, Ms. Irion stated that the certification process was changed and there is no longer a certified but unissued amount. If we do not have the funds for a project, the project does not get attached to that bond series and it is certified in the future or projects are moved according to funding availability.

b. Recertification of SSTBs

Discussion: The re-certifications are for Farmington Old Tibbets Middle School for $468,000 and Deming Intermediate School for $516,822, both of which were awarded in previous meetings.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification amendment for $984,822 reauthorization of unexpended bond proceeds as follows:

- SSTB13SB 0003 in the amount of $468,000 to PSCOC award projects totaling $468,000;
- SSTB16SB 0001 in the amount of $516,822 to PSCOC award projects totaling $516,822.

Total certification needs: $984,822. Mr. Peralta seconded. The motion passed unanimously.

c. Update on Project Closeouts *(informational)*

Discussion: Referring members to the handout, Ms. Cano noted the 144 project closeouts that have been completed providing approximately $13.1M in reversions. Staff continues to work on the remaining 65 projects and have an estimated reversion date of June 30, 2017 for all

AMENDED MOTION: Council approval of the Awards Subcommittee recommendation under the 2017-2018 standards-based program; encourage the La Academia Dolores Huerta to not proceed with their full application and recommend resubmission of an application in a future award cycle after their charter renewal in 2019; and deny the Las Vegas City Schools from proceeding with their full application and recommend resubmission of a full application under the current systems-based program award cycle for which they may qualify.

Under the 2017-2018 systems-based program, allow the districts for the 9 applicant schools within the top 100 to proceed with their full application. Full applications for systems-based awards must be limited to building system repair, renovation or replacement renewal and should not include or be applied toward a larger renovation or replacement project which would normally be awarded under the standards-based program. The motion passed unanimously; Mr. Forte was not present for the vote.

c. 2017-2018 Lease Assistance Award Application

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Ms. Gudgel noted the funding amount needed to be addressed by Council. Following the Awards Subcommittee meeting, Ms. Gudgel and Ms. Irion worked on updating language in the application, specifically the per student funding amount. Reminding members that the prior year awards totaled $15.6M and the financial plan only included $12.0M, Ms. Gudgel felt including the funding amount would set unreasonable planning expectations by the charter schools. Additional changes include; the facility questionnaire is no longer needed as statute is to be followed. Certifications do not need to be resubmitted unless the charter renewal is within the current timeframe. The annual conflict of interest questionnaire remains and all certification documents have been incorporated within the application. Ms. Gudgel proposed a verbiage change within the cover letter to state *"maximum allowable lease reimbursements may be adjusted downward up to 20% from prior years due to funding constraints."* Mr. Peralta agreed.

MOTION: Council approval of the Awards Subcommittee recommendation to authorize release of the 2017-2018 Lease Assistance application and conflict of interest questionnaire that will include sufficient lease information to facilitate PSCOC staff analysis; applications are due May 17, 2017 and tentative award date will be at the July 2017 PSCOC meeting. As this was a subcommittee recommendation a second is not needed and the motion passed unanimously; Mr. Forte was not present for the vote.

6. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests

a. Capitan – P13-003 – Capitan ES/MS/HS – Reduction of Advance

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: The district does not intend to use any additional advance funding and staff recommends the advance be reduced by the unused amount of approximately $1.5M. The district will have a bond election in August after which they will present a repayment plan to the Council. The terms of their award require full repayment by June 2018. Mr. Sean Wootten,

Superintendent, and Ms. Kimberly Stone, Chief Financial Officer, were in attendance and Mr. Wootten stated the school board was in agreement that Phase 2 funds were not needed.

MOTION: Council approval of the Awards Subcommittee recommendation to reduce the local match of $6.8million to $5,292,729 based upon current project commitments; the unused balance of the advance shall revert for reallocation by the Council. As this was a Subcommittee recommendation a second is not needed and the motion passed unanimously; Mr. Forte was not present for the vote.

b. Cloudcroft – E15-002 – Cloudcroft HS Emergency – Extension of Advance Repayment

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: The district is requesting their repayment be extended to begin in May 2018. The project has committed $18,306 of the advance funding; the remainder of the project is being funded with the district's settlement money. Mr. Abbey inquired as to when the repayment would be complete if it was extended; Mr. Travis Dempsey, Superintendent, believed it would be a one-time payment. Mr. Abbey suggested changing "*will begin*" to "*will occur*" in the proposed motion; Mr. Dempsey agreed.

MOTION: Council approval of the Awards Subcommittee recommendation to extend the advance repayment deadline for Cloudcroft Municipal Schools for Cloudcroft High School in the amount of $501,791; repayment will begin in May 2018.

AMENDED MOTION: Council approval of the Awards Subcommittee recommendation to extend the advance repayment deadline for Cloudcroft Municipal Schools for Cloudcroft High School in the amount of $501,791; repayment will occur in May 2018. As this was a Subcommittee recommendation a second is not needed and the motion passed unanimously; Mr. Forte was not present for the vote.

c. Clovis – P15-005 – Parkview ES – Phase 2 Funding

Staff presented the executive summary included in the PSCOC notebooks for this item.

Discussion: Construction proposals received were less than the original financial plan estimate and will result in a favorable impact of $6.5M. The project team worked to identify cost effective design elements utilizing a Lean Construction approach which resulted in minimizing waste of materials, time and effort. Ms. Carrie Bunce, Deputy Superintendent of Operations, and Mr. John King, Director of Operations, were in attendance. Ms. Bunce commented that Clovis has benefitted greatly from PSCOC awards and the district hopes to continue to be good stewards of taxpayer money and continue to bring projects like this in the future. Mr. McMurray commended the district on the Lean Construction approach.

Mr. Abbey inquired about a database of costs per square foot; Mr. Kearney stated a spreadsheet is maintained and noted the market varies based on availability of subcontractors. Discussion continued on the reasons for cost variations and Ms. Gudgel stated it might be interesting to look at comparable construction, site costs across districts and look at individual contractors and subcontractors to determine if some are higher per project. Mr. Kearney agreed, adding it

MOTION: Mr. Ortiz moved to approve the 2018 applications for Qualified Zone Academy Bonds (QZAB). QZAB applications are due May 25, 2018 with a tentative award date of June 14, 2018. Ms. Gudgel seconded and the motion was approved.

Information Only:

- **PSCOC Financial Plan:** Ms. Cano reviewed the changes to the financial plan since the last meeting: lease assistance award adjustments totaled $64,892 and second round systems awards were $13,761,983 for a total award amount of $13,826,875. There were no project award detail adjustments nor any financial plan estimate changes. SSTB Notes budgeted amount decreased $35.6M based on the actual sale for the proceeds received. The FY18 impact to the financial plan is the carry over amount which is reduced by this amount. The anticipated SSTB uses remain the same for FY18. The actual sale and proceeds are $32,342,300. When the revenue estimate worksheet was completed and sent by Board of Finance, the estimates were based off the SSTB capacity module that used 5-year oil and gas revenue estimates and did not include an actual bond sizing that is based upon the current cash revenues received and statutory limitations thus causing the previous sale estimate of over $60M to actually be $32M. SSTB Notes budgeted in July increased that corresponding $35.6M. Notification was received from the Des Moines school district asking that the $125K emergency advance be rescinded. The BDCP amount of $7.0M in FY19 may require an adjustment based on actual potential awards. The 2017-2018 awards scenario reflects a decrease of $933K based on action taken last month. Because of that decrease, a corresponding increase is seen in the 2018-2019 awards scenario. The 2020-2021 awards scenario decreased $125K as a result of the Des Moines school rescind of award. Following draw requests of $9.6M and $8.7M for November and December expenditures, and SSTB proceeds of $32.3M, the PSCOC Fund Balance is $259.9M.

- **PSCOC Work Plan/Timeline:** Informational only.

- **Capitan – P13-003 – Capitan ES/MS/HS – Project Update:** Ms. Gudgel asked if staff had requested financials from the district in order to see what their operational cash balance and capital balances were and if they had HB33 and SB9 funds; Mr. Avila replied staff has tried informally to get the information however the district has not been forthcoming. Ms. Gudgel asked that staff formally request the information; Mr. Avila agreed to do so.

- **Potential Security Program:** Per Mr. Chamblin schools have been inquiring if the state has considered funding any security programs. Following the incident at Aztec, Mr. Chamblin received a call from Ms. Debbie Romero wanting to discuss security projects; what schools can and are doing, possible trends regarding security projects in schools, if the PSFA and PSCOC could establish a program for security projects and how it could happen. In order to make this a real program staff feels it should go through the Legislature to create and fund a security projects program for schools. Mr. Chamblin referred to an email sent to the Council outlining a process where, by the end of 2018, Council could be awarding and funding security project upgrades. Based on the proposal for a $6.0M appropriation, the Governor's recommendation and the assumption the PSCOC and PSFA will be administering funds, the Council can create a program to fund security projects within the language of the appropriation which would allow for a one-year prototype. PSCOC and PSFA would still need to determine program requirements and award methodologies similar to the Pre-K appropriation program PSFA will administer. To extend the program beyond a single year, or make it permanent, the Task Force should review the progress of the appropriation from which it can propose and endorse legislation for consideration by the full legislature. Mr. Chamblin added a security vestibule is the most common project schools are going for and the price for security projects is $100K-$500K. Mr. Guillen clarified this was included in the Governor's package; Mr. Chamblin replied in the affirmative and Mr. Liu read

AWARDS SUBCOMMITTEE MOTION: Adopt Option A program structure for the 2018-2019 award cycle for application development. Funding pool thresholds and eligibility criteria for the programs will be approved by the PSCOC at the April 2018 meeting.

AMS SUBCOMMITTEE MOTION: Adopt Option A program structure for the 2018-2019 award cycle for application development. Funding pool thresholds and eligibility criteria for the programs will be approved by the PSCOC at the April 2018 meeting.

As both Subcommittees made the same recommendation a second is not needed and the motion was unanimously approved.

c. **PSCOC Work Plan/Timeline** *(informational)*

6. **Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**

a. **Capitan – P13-003 – Capitan ES/MS/HS – Project Update** *(informational)*

Mr. Avila presented the executive summary and noted the district's statement of financial position is currently under review. Mr. Avila added that the district has a second phase on their current project; the first portion was to complete the MS/HS building. When construction funding was awarded for the MS/HS, $573,386 was awarded for design of the ES which is the next phase of the project. Within the financial plan is an out-year estimate of $1.0M state share for construction. Mr. Abbey acknowledged there was not much enthusiasm regarding the length of the repayment plan and requested it be conveyed to the district; Mr. Avila agreed to do so.

b. **Des Moines – E18-002 – Emergency Advance – Rescind Award**

Mr. Avila presented the executive summary. Ms. Kodi Sumpter, Superintendent, stated though the district appreciates the award that was granted it was in the taxpayers best interest to defer repair of the roof until the district had money for the larger issue. Mr. Damon Brown, School Board President, expressed his appreciation of the award acknowledging as additional issues have been discovered it was not in the best interest to use the funds to procure a temporary fix on a roof that will need to come off in a year. Mr. Brown added that the district is dealing with a design that was not appropriate for their location and is looking at ways to extend the life of the asset while fixing some of the bigger design issues at the same time. The district currently has 93 students. Mr. McMurray asked if they would be returning to the Council once they reevaluated what was needed to extend the life of the facility; Mr. Brown replied they had no district indebtedness other than ed/tech funds and their first option would be to use a general bond election to procure the funds. Mr. Guillen asked if the current leaks had been repaired; Mr. Brown replied it was an ongoing process.

MOTION: Council approval of the Awards Subcommittee recommendation to approve the request to rescind the emergency advance to the Des Moines Municipal Schools of $125,000. The district is encouraged to proceed expeditiously to remediate the roof problems and may return to the PSCOC at a future meeting for funding consideration in the form of an emergency, or may apply during the 2018-2019 award cycle for this facility. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

MOTION: Mr. Guillen moved for approval the authorization to release the 2018–2019 lease assistance application, applicable certification forms and conflict of interest questionnaire that will include sufficient lease information to facilitate PSCOC staff analysis. Applications are due June 8, 2018 and tentative awards will occur at the July 2018 PSCOC meeting. Ms. Gudgel seconded and the motion was unanimously approved.

- **Alamogordo – P15-001 – New Combined ES – Construction Funding:** The request for construction funding is based upon actual proposals. Staff worked closely with the district to bring the project budget within the out-year estimate approved by Council. The district PM Plan is current and rated outstanding and the recent F6 FMAR is rated in the 80 percentile range. Mr. McMurray inquired as to the length of the project; Mr. Avila replied originally one school was within the rank while the other was not and there had been an adjustment in the number of students. Drawing attention to the current enrollment, Ms. Gudgel asked if any work had been done regarding enrollment demographics; not prepared to answer the question at that time, Ms. Casias replied the information would be provided to the full Council. Ms. Gudgel inquired if the design plan reflects good security; Mr. Avila replied in the affirmative.

  MOTION: Ms. Gudgel moved to amend the 2013-2014 standards-based award to the Alamogordo Public Schools for the New Combined Elementary School (Sunset Hills ES) to include construction to adequacy for 450 students, grades K-5, with an increase in the state share amount of $11,703,208 (65%), and a corresponding increase in the local share amount of $6,301,726 (35%). Mr. McMurray seconded and the motion was unanimously approved.

- **Capitan – P13-003 – Capitan ES/MS/HS – Award Language Change & Advance Repayment:** This was a two phase construction project; the first phase included construction of the new mid-high school which is now complete. When construction funding was awarded, Council also awarded design funding to renovate the former middle school to house the elementary school students. The financial plan reflects an out-year estimate of $1.0M for renovation of the former middle school. The district is in process of updating their FMP and upon reassessing their direction for the existing elementary school, have submitted a request to rescind the design award so the school can fall back into the ranking and potentially be eligible for funding in a future award cycle. The district is also requesting to rescind all uncommitted funds tied to the project award and revert them to the fund for reallocation. Staff recommends reverting the uncommitted funds with a state share of $57,338 as well as reducing the financial plan by $1.0M. Following their August 2017 bond election, the initial repayment plan had indicated payments of $250K per year from July 2018 to 2044; the terms were viewed as unacceptable. The district submitted a new repayment plan beginning with a $500K payment on June 30, 2018 until the full amount is repaid, or until a bond passes and the district is able to make a total repayment. Ms. Irion noted the district was eligible for a bond election in 2019. Ms. Gudgel noted the goal of the original award was to reduce the gross square footage by 50% or more and sought clarification as the elementary and middle schools remain. Mr. Avila stated the district had a feasibility study done and at the time of award it was noted the middle school was in better shape than the elementary school; the original plan was to renovate the middle school and move the elementary school students into that facility. The feasibility study indicated that the cost of renovation was more expensive. As time passed, repairs were made to the elementary school and upon reassessment it was decided to not demo the elementary school. Mr. Guillen inquired as to where the $500K repayment would come from; Ms. Irion replied it would be a combination of a cash carry over balance and SB9 dollars. Expressing concern over the length of time proposed for repayment Ms. Gudgel suggested that a timeframe of four years be set then require a balloon payment and added this could be readdressed after their bond. Ms. Gudgel suggested Council think about a potential

partial waiver which would leave them with some funds to complete projects. Ms. Gudgel requested that the change in gross square footage be brought to the full Council meeting.

MOTION: PART 1 – RESCIND PORTION OF AWARD - Rescind the portion of the standards-based award to the Capitan Municipal Schools to complete design for renovations/additions to adequacy at Capitan Middle School for 206 elementary students, grades K-5, with a reduction in the state share amount of $57,338 (10%), and a corresponding decrease in the local share amount of $516,048 (90%). The Capitan Elementary School facility shall be re-ranked based upon its current condition.

PART 2 – ADVANCE REPAYMENT PLAN - TBD

AMENDED MOTION: PART 1 – RESCIND PORTION OF AWARD - Rescind the portion of the standards-based award to the Capitan Municipal Schools to complete design for renovations/additions to adequacy at Capitan Middle School for 206 elementary students, grades K-5, with a reduction in the state share amount of $57,338 (10%), and a corresponding decrease in the local share amount of $516,048 (90%). The Capitan Elementary School facility shall be re-ranked based upon its current condition.

PART 2 – ADVANCE REPAYMENT PLAN – Accept the district's proposed repayment plan of $500,000 for fiscal years 2018-2020, with the first payment made on or before June 30, 2018, and a balloon payment in fiscal year 2021 based on a successful bond election.

Ms. Gudgel moved for approval of part one of the motion to rescind a portion of award as well as the amended part two regarding the advance repayment plan. Mr. McMurray seconded and the amended motion was unanimously approved.

- **Cloudcroft – E15-002 – Cloudcroft HS Emergency – Extension of Advance Repayment:** The district has submitted a request to extend their repayment to begin in August 2019. Per the terms of the award, repayment was due December 2016; Council action in April 2017 extended repayment to May 2018. This is a two phase project; phase one is complete and included tying veneer to the structural system at a cost of $300K. Phase two will consist of corrections to the existing stone veneer with work estimated between $680K - $900K. The project has committed $9,937.65 in state funding for design services with the remainder of the project funded through the settlement received from the contractor. The district is proposing repayment of $31,361.91 per quarter for FY 2020-2023 for a total of $125,447.75 per year. The total paid in four years would be $501,791. Mr. McMurray expressed concern that work has not been completed for what had been deemed an emergency. The district is encouraged to cancel the emergency request and PSFA recommends they proceed with the repairs with their own funds. Mr. Guillen preferred a shorter timeframe and repayment begin sooner as the statement of financial position indicates there is capacity for repayment sooner rather than later. Ms. Gudgel felt that rescinding the award and calling the $9,000 a wash is the appropriate thing to do given their financial position.

  MOTION: Accept/reject the request to extend the advance repayment deadline for Cloudcroft Municipal Schools for Cloudcroft HS.

  ALTERNATE MOTION: The district is encouraged to cancel the project as it no longer appears to be an emergency based upon the district's statement of financial position and recommends they proceed with the repairs with their own funds as scheduled. The alternate motion was unanimously approved.

5. **Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**

a. Alamogordo – P15-001 – New Combined ES – Construction Funding

The request for construction funding is based on actual proposals. Staff worked closely with the district to bring the project budget within the out-year estimate approved by Council in April 2016. The district's preventive maintenance (PM) plan is current and rated outstanding; their use of FIMS products is very good and their PM completion rate has been above the recommended threshold of 90% for four straight quarters. Ms. Casias noted that PSFA supports the current design for 450 students. Mr. Vance Lee, Executive Director-Support Services, stated the district averages over 80% on their FMAR and may qualify for up to a 5% reduction in local share pursuant to statute. Referring to the recently passed Department of Defense Budget Act, Mr. Abbey stated it included funding for schools that were defense impacted and asked if Mr. Lee had any additional information; Mr. Lee replied that the rankings list would be released in July and the district would find out then where their schools fell. Mr. Lee added that the initial report indicated all schools on base fell within the 1-4 ranking.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Alamogordo Public Schools for the New Combined Elementary School (Sunset Hills ES) to include construction to adequacy for 450 students, grades K-5, with an increase in the state share amount of $11,703,208 (65%), and a corresponding increase in the local share amount of $6,301,726 (35%). As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. Capitan – P13-003 – Capitan ES/MS/HS – Award Language Change & Advance Repayment

This was a two phase project; the first phase was to complete the middle school/high school. Construction funding for that portion of the work also included design funding for renovation of the existing middle school and is the amount requested to rescind in part one of the motion; there is also $1.0M in the out-year estimate that would also go away. The district is in process of updating their FMP and has reassessed the direction for the existing elementary school. The intent is to now retain the existing elementary school since the district has put various updates into it. The district is requesting to rescind all uncommitted funds tied to the project award and revert them to the PSCOC fund for reallocation; doing so would also allow the elementary school to fall back into the ranking. The remaining middle school will be utilized for district offices, middle school/high school vocational space and head start program. Regarding repayment, following the August 2017 bond election, the initial repayment plan as presented to the Awards Subcommittee indicated payments of $250,000 per year from July 2018 to 2044; the terms were reviewed as unacceptable. The district has submitted a new repayment plan beginning with a $500,000 payment commencing on June 30, 2018 until the full amount is repaid or until such time that a bond passes and the district is able to make a total repayment.

Mr. Sean Wooten, Superintendent, and Ms. Kimberly Stone, Chief Financial Auditor, represented the district. Mr. Wooten stated the $500,000 would be taken from their SB9 funds and acknowledging the district share is 90% mentioned the possibility of requesting a $1.0M forgiveness to the districts $5.3M. Mr. Guillen stated with the passage of a bond Council would

be in a better position to look at some type of forgiveness based on the finances at that time; Mr. Abbey agreed.

MOTION: PART 1 - RESCIND PORTION OF AWARD: Council approval of the Awards Subcommittee recommendation to rescind the portion of the standards-based award to the Capitan Municipal Schools to complete design for renovations/additions to adequacy at Capitan Middle School for 206 elementary students, grades K-5, with a reduction in the state share amount of $57,338 (10%), and a corresponding decrease in the local share amount of $516,048 (90%). The Capitan Elementary School facility shall be re-ranked based upon its current condition.

PART 2 - ADANCE REPAYMENT PLAN: Council approval of the Awards Subcommittee recommendation to accept the district's proposed repayment plan of $500,000 for fiscal years 2018-2020, with the first payment made on or before June 30, 2018, and a balloon payment in fiscal year 2021 based on a successful bond election.

As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

c. **Cloudcroft – E15-002 – Cloudcroft HS Emergency – Extension of Advance Repayment**
Mr. Guillen stated that Council had approved an emergency advance in 2014 and to date, slightly more than $9,000 has been spent. The emergency does not appear to be there at this point, and work being proposed will be completed next year. The district's finances look good and it appears they could handle the project without an advance. Ms. Gudgel confirmed that year-end balances were considered when making the recommendation to rescind the emergency award.

Mr. Sergio Castanon, Interim Superintendent, apologized for the slow progress of the project and reiterated the district would make repayment as Council indicates. Mr. Avila stated the district is proposing repayment of $125,447.75 per year beginning in 2020 resulting in a total of $501,791 repaid in four years. Mr. Abbey felt the district should explain why, despite their cash position, their other needs were paramount to the repairs and suggested taking it back to the Awards Subcommittee. Ms. Gudgel sought clarification that the district didn't want to use their bond money to pay for something that was in the past, however a four year repayment schedule anticipates using bond money to repay it; Mr. Castanon replied it would lessen the pain of using all of the bond funds for repayment. Mr. McMurray reminded members this had originally been an emergency request and in four years the district has not taken care of the emergency and only $9,000 has been spent. Ms. Gudgel inquired about a possible two-year repayment plan; Mr. Castanon replied the district would be happy to reduce the time for repayment to two years. Mr. Abbey asked if the district would pay half on June 30, 2019 and half on June 30, 2020; Mr. Castanon replied in the affirmative.

MOTION: The district is encouraged to cancel the emergency request as it does not appear that there is a need for the emergency award based upon the district's state of financial position. The Council recommends that the district proceed with the repairs with their own funds as scheduled.

PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
May 22, 2018
STATE CAPITOL BUILDING, ROOM 321
SANTA FE, NEW MEXICO

Members Present: Mr. David Abbey, LFC; Mr. Joe Guillen, NMSBA; Mr. Antonio Ortiz, PED; Ms. Rachel Gudgel, LESC; Mr. Pat McMurray, RLD; Mr. Gilbert Peralta, PEC; Ms. Nina Carranco, DFA; Ms. Sara Fitzgerald, Office of the Governor

Designee Present: Mr. Jeff Eaton, LCS

1. **Call to Order** – Chair Abbey called the meeting to order at 8:30 A.M.

   a. **Approval of Agenda** – Chair Abbey asked if there was any objection to the agenda as presented; Mr. Chamblin requested that item 3B be remove from the agenda as it was no longer needed. Members agreed and the amended agenda was unanimously approved.

   b. **Correspondence** – Mr. Abbey acknowledged the letter from Mr. Kirk Carpenter, Superintendent for Aztec Municipal School District.

2. **Public Comment** – Mr. Abbey had guests and staff introduce themselves. Ms. Casias introduced Ms. Ramona Martinez as the new PSFA Attorney.

3. **PSCOC Financial Plan**
   a. **PSCOC Financial Plan**
   Ms. Irion reviewed the changes to the financial plan since the last meeting: an award was made for $11,703,209 for Alamogordo New Combined School ES and BDCP Category 2 for $23,708. Two awards were rescinded for Capitan ES/MS/HS; the design portion for $57,338 and the remaining construction funding for $1,000,000. Total awards made since the last meeting were $10,669,578. The estimate for SSTB Notes that will be sold in June was received and results in an increase of $1.5M and is reflected on the financial plan at $6,800,000. Ms. Irion will update the out-year projects once received. Project closeouts are in progress and it is anticipated the amount will be adjusted by the end of the fiscal year. Due to Council action regarding the advance repayment from Capitan ES/MS/HS being moved, there was a negative impact on the dollar amounts available for awards this year with the current fiscal year decreased $4.8M. A repayment of $500,000 will occur this current year as well as the next two fiscal years and a balloon payment of $3.8M in FY21. Notification was received regarding PEDs SB9 allocation. Originally $18.4M was distributed at the beginning of last fiscal year. The actual amount came in at $17.8M which results in a reversion of $612,994 and is the amount listed in the out-years. The 2012-2013 awards cycle was decreased $1.0M in FY19 as that amount was removed for the Capitan construction funding and is no longer available. The financial plan has also been adjusted based upon the pre-application estimates; 10% is recognized in FY19 and the remaining 90% is split with 70% placed in FY20 and 30% in